

**Department of Regulatory Agencies (DORA's)
Performance Planning and Management Plan
May 2001
(Last Updated March, 2002)**

Background

This document provides details of the Department of Regulatory Agencies' Performance Planning and Management Plan. DORA's program consists of the following components:

- I. Performance Planning and Management
- II. Performance-based Pay
- III. Dispute Resolution
- IV. Training
- V. Distribution of Awards
- VI. Maintaining the Plan

DORA's Performance Planning and Management Plan was developed by the Executive Director's Office (EDO), consistent with requirements of the State's system-wide Performance Pay System, developed in response to SB 00-211, and based on consideration of employee and stakeholder input.

The EDO has the responsibility, through division managers as appointing authorities and supervisors as designated raters, of communicating details of this Performance Planning and Management Plan to employees. This will be accomplished through annual planning sessions, as described herein, that will be held between supervisors and employees at the beginning of the annual performance cycle.

For the first year, known as the transition year - awards paid July 1, 2002 through June 30, 2003, individual award increases will be based on performance, available funding and anniversary dates. For the second year and forward, anniversary dates will no longer have an impact on the amount of an individual award increase.

A DORA Executive Committee, comprised of the Management Team of the Executive Director's Office and a representative from each division, will convene at least annually to evaluate, determine and maintain the quality and equitable application of this plan (including the identification of training needs and requirements).

I. Performance Planning and Management

Performance Measurement

Performance will be rated at one of four levels. In accordance with Personnel Rules and Procedures, the first level indicates unsatisfactory performance and the fourth level is unique and difficult to achieve (because it represents consistently exceptional performance and/or achievements beyond the scope of the regular assignment). In addition to supporting performance-based pay, rating levels are important because they are used in other parts of the personnel system, e.g., layoffs.

Rating Levels

Needs Improvement 1	Good 2	Very Good 3	Peak 4
<ul style="list-style-type: none">• Fails to meet expectations• Performance level is clearly less than acceptable, as well as below minimum position requirements• Unable to adapt to change• Unsatisfactory, skills are at a level detrimental to performance• The need for improvement is recognized, identified and must occur as outlined	<ul style="list-style-type: none">• Consistently meets expectations of regular assignment• Most important to define in plan• Doing job, contributing and exhibiting behavior competently and as expected• Satisfactory, acceptable, accurate and complete work• Meets customer expectations and technical specifications• Capable and qualified• Assignments accomplished effectively with a normal amount of direction• Positive attitude and ability to adapt well to change	<ul style="list-style-type: none">• Frequently exceeds expectations• Innovative, above-standard, commendable• Anticipates opportunities, prevents problems• Higher production levels	<ul style="list-style-type: none">• Consistently exceeds expectations• Makes unusual and significant contributions throughout duration of the rating period• Takes initiative to identify and complete unassigned work that significantly contributes to mission of DORA/unit• Complete mastery of all phases of job – performance is clearly distinguished• Contributes in a way that improves processes, quality, effectiveness or efficiency• Completes work using fewer financial resources, personnel, equipment or other allocated resources• Level of performance acknowledged by others

Core Competencies

DORA will utilize the uniform statewide core competencies as defined by the State Personnel Director. Each core competency must be used in the performance planning and rating of each employee. The total weight for the core competencies must be in the range of 15 and 25 percent.

Core Competencies
Communication
Interpersonal Relations
Customer Service
Accountability
Job Knowledge

Planning/Evaluation Form and Process

DORA will utilize its Intranet-based, online Performance Planning and Management System for the documented recording and tracking of all employee performance planning, progress reviews, evaluation activities, and for all information related to employee performance. Electronically initialed (representing the employee's signature) and a final copy of the evaluation in paper format will be filed in each employee's official personnel file.

The **Performance Planning** process is characterized by the following:

- A planning session will be held between the supervisor and employee by May 31 of each year. For new employees or transferring employees a plan is be put into place within 30 days of employment.
- Employees moving from one position to another must have an exit evaluation completed and new plan put into place that reflects their new duties. Employees promoting as a result of the reallocation of their position will require modification to their current plan within 30 days of the promotion.
- Employee performance plans will be established with performance objectives that align with the Department's and the division's goals and objectives.
- Performance coaching and feedback is to be provided and documented by supervisors during the performance year, and is to include at least one documented progress review.

The **Progress Review** process is characterized by the following:

- At least **one** progress review meeting between the supervisor and employee is required during each evaluation year. New DORA employees hired after January

1st of an evaluation year will not be required to have a documented progress review for that evaluation period.

- The primary intent of a progress review is to provide feedback, in both directions, between the supervisor and employee. The progress review is typically not an interim evaluation (the purpose of which is to actually provide a performance rating).
- Progress reviews will provide an opportunity to document and substantiate the employee's performance level that will help support, the rating at the end of the performance management year.
- Progress reviews will provide an opportunity to cover the first part of the year's performance by the employee, and to ensure that it is included in the overall yearly appraisal.

The **Performance Evaluation** process is characterized by the following:

- All employees will be evaluated, in writing, at least annually based on their job performance during the previous year. Employees promoting or moving from one position to another, resignations or retirements must have an exit evaluation completed.
- The division director of each division will review all employee performance evaluations for that division before final ratings are provided to employees. This review will also serve as a quality assurance check for all ratings in that division. All peak performance rating and needs improvement ratings must be accompanied with documentation.
- The performance evaluation cycle will be uniform within DORA, with the evaluation cycle beginning May 1 and ending April 30 of each year. A hard copy of completed and electronically signed evaluations must be submitted to the DORA Human Resource Section by May 31 of each year. This deadline has been established to allow time to complete administrative processes required to make any changes such as pay rate changes for the July payroll payment date.
- Performance evaluations are based on qualitative ratings that will convert to one of the four established statewide rating levels. A natural "bell shaped curve" of the number of individual rating level occurrences is anticipated (fewest at Level 1 and Level 4, and most at Levels 2 and 3). DORA will not establish quotas or forced distribution processes for determining the number of ratings in any of the four performance levels.
- Immediate supervisors have the first line of responsibility to plan and/or evaluate an employee's job performance in a timely manner. If the supervisor does not fulfill this responsibility, a reviewer is responsible for completing the plan and/or

evaluation. If the reviewer fails to plan and/or evaluate the employee in a timely manner, the reviewer's supervisor is responsible for completing the plan and/or evaluation and on up the chain of command until the plan and/or rating is completed as required by law. In the event an employee fails to receive a final evaluation, the employee will be deemed to have earned a Good (Level 2) rating.

- Evaluators giving a Needs Improvement (Level 1) rating, denoting unsatisfactory performance, are to develop a performance improvement plan or institute a corrective action. Performance improvement plans must provide a reasonable amount of time for the employee to demonstrate performance improvement and must set a reevaluation date. A performance improvement plan is not a corrective action within the legal meaning of State Personnel Board rules. If performance is still unsatisfactory at the time of reevaluation, a corrective action is to be taken. Subsequently, if performance does not improve after corrective action is taken, a disciplinary action shall be taken.

II. Performance-based Pay

All statewide compensation plan system requirements are incorporated. You may see a complete listing of the statewide requirements at the Department of Personnel and Administration web site: http://www.state.co.us/gov_dir/gss/hr/perfmgmt

- The State Personnel Director will establish and publish annually in conjunction with the Total Compensation Survey on December 1, the maximum percentage that can be awarded for Level 4 (Peak). This percentage is referred to as Z.
- Salary survey funding remains separate from performance-based pay funding.
- Pay range maximum is the same as what was formerly called traditional maximum or Step 7.
- Effective July 1, 2002, there are no anniversary increases.
- All awards are subject to available funding and no award will be guaranteed.
- Senior Executive Service (SES) and Governor Appointees are not eligible for awards.
- Information as required by the State Personnel Director, will be reported by specified deadlines.
- Employees who receive a Level 4 rating (Peak) and are at "pay range maximum" or "salary lid" are only eligible for a non-base building award.
- Multi-source assessment processes, where feasible, shall be considered for evaluating employees.
- Designated raters are evaluated on their performance management and evaluation of employees.

- Absent extraordinary circumstances, a supervisor's failure to timely plan and evaluate in accordance with DORA's performance management process will result in a corrective action and ineligibility for an award. In accordance with CRS 24-50-118 and State Personnel Rules & Procedures, P-6-2, if an individual performance plan or evaluation is still not completed within 30 days of the corrective action, the supervisor shall be disciplinarily suspended in increments of one week following the pre-disciplinary meeting.
- The JBC, with the approval of the General Assembly, determines the amount of funding.
- There will be no non-cash awards.
- You must be an employee of DORA on July 1 following the evaluation period in April to receive an award.
- Level 4 (Peak) performers are eligible for awards set equal to Z (percentage set annually by the Personnel Director). These awards will be base building awards up to the pay range maximum for that position, with non base building awards for the amount above pay range maximum.
- Level 3 performers are eligible for awards equal to $\frac{1}{2}$ of Z as a base building award up to pay range maximum for that position.
- Level 2 performers are eligible for awards equal to $\frac{1}{4}$ of Z as a base building award up to pay range maximum for that position.
- Level 1 performers are not eligible for any awards.
- All awards will be prorated based on the amount funded by the JBC. A single proration factor will be calculated for the Department. What this means is that although Level 4 may have Z as a 10% of salary award, if funding is inadequate, one would receive less than a 10% increase. All awards would be reduced by the same percentage.
- Evaluators will assign a numerical rating to each job duty and core competency from 0 to 4 (with two decimal places). On the last page of the employee's plan, each job duty and core competency is multiplied by the weight (assigned at planning time) and totaled for a final rating based on the following table:

Range of Points	Final Rating	Rating Level	Award Percent*
3.5 to 4.0	Level 4	Peak	Z
2.5 to 3.49	Level 3	Very Good	$\frac{1}{2}$ of Z
1.5 to 2.49	Level 2	Good	$\frac{1}{4}$ of Z
0 to 1.49	Level 1	Needs Improvement	0

*Before proration

- DORA has instituted **DOR Awards**, a department-wide, individual and team performance incentive award program, to supplement salary-based performance awards. Additionally, division and cross-division employee incentive and award

programs have been established which supplement salary-based performance awards.

III. Dispute Resolution

In order to support and encourage dialogue and communication to preclude problems before they become formal disputes, supervisors are encouraged to involve the employee in drafting the performance plan. Understanding and agreement are important aspects of planning. The primary intent of the progress review is to provide feedback, in both directions. A pre-appraisal interview is important information sharing between the employee and supervisor to ensure that important performance data is included in the evaluation.

The State Personnel Director's dispute resolution system has two levels -- an internal one within the department (Internal Dispute Resolution) and an external one administered by the Department of Personnel (External Dispute Resolution). The State Personnel Director will establish timelines regarding deadlines for filing written disputes and resolving disputed matters for both levels.

Resolving disputes informally at the Internal Dispute Resolution level, before using the External Dispute Resolution process is required by Dispute Resolution policy of the State Personnel Director.

Internal Dispute Resolution

The purpose of the Internal Dispute Resolution process is to create an open and impartial opportunity for the parties involved to have issues heard. The following points constitute DORA's Internal Dispute Resolution process:

- A description of the Internal Dispute Resolution process, including timelines and name or position of the appointing authority, will be given to employees mid-year or no later than at the time of the progress review.
- Employees may only dispute the following issues: 1) their own performance plan (or lack of a plan), 2) their own final performance evaluation or lack of a final evaluation, 3) application of DORA's performance pay program, policies or processes to the individual employee's performance plan and/or final evaluation, and 4) full payment of the prorated award.
- Issues not disputable: 1) the content of the department's performance planning and management plan, 2) matters related to the funds appropriated, 3) the performance evaluations and awards of other employees, and 4) the amount of a performance award, including whether it is base or non-base building.

- DORA has established guidelines for the documentation of disputes and notification of parties when notice of intent to dispute has been received. These can be found on the DORA's Intranet.
- Appointing authorities shall be the decision-makers in the Internal Dispute Resolution process or they may delegate this authority, but the delegation must be in writing and publicized in advance. All employees will be notified of the authorized decision-maker for their disputes.
- The appointing authority or designee in the Internal Dispute Resolution process is limited to finding facts as to whether the process was applied correctly, but shall not substitute his/her judgment for that of the rater. The decision-maker will have the ability to "instruct the rater to follow the agency's own plan or process, to correct an error, to reconsider a rating or plan, or to suggest other resolution processes such as mediation." The determination made by a decision-maker is in addition to the supervisor's judgment, not in substitution of it. Decision-makers cannot render a decision that would not be consistent with DORA's performance pay program.
- The decision-maker will issue a written decision to the employee, the supervisor and to the HR Section within the timelines outlined in DORA's Internal Dispute Resolution process.
- Decisions made regarding an employee's plan and final evaluation are final at the Internal Dispute Resolution level and the employee has no further recourse for those issues.
- If an appointing authority or designee fails to assign a final rating as a result of the Internal Dispute Resolution process, the employee has a right to appeal this lack of action to the State Personnel Director.
- All other decisions will include language that informs the employee that they can submit a written request for an external review by the Director of Personnel within five working days of the internal process decision. This notice will include deadlines for filing, a list of what must be included in the request, and the address for filing.
- Only issues originally presented in writing shall be considered throughout the dispute resolution process.
- No party has an absolute right to legal representation, but may have an advisor present. The parties are expected to represent and speak for themselves.
- Retaliation against any person involved in the dispute resolution process is prohibited.

External Dispute Resolution

Disputes concerning application of DORA's performance pay program, policies or processes to the individual employees performance plan and/or final evaluation, or full payment of an award may proceed beyond the department level to the State Personnel Director after completion of the Internal Dispute Resolution process.

IV. Training

Initial training will be designed and conducted to provide employees and supervisors with the information and tools necessary for a successful transition to the new performance-based pay system. Preliminary training will also present information regarding the mandates of the new statewide performance pay system, the details of the Department of Regulatory Agencies' Performance Planning and Management Plan, and areas where the department has exercised discretion and flexibility to develop unique guidelines and policies (within the parameters of the statewide plan).

On-going training will be offered regularly and will focus on a variety of subjects to address the needs of both supervisors and employees in regard to performance planning and management, coaching and feedback, performance evaluation and ratings, and use of DORA's Intranet-based online Performance Planning and Management System for the recording and retention of all employee performance planning and evaluation data. Performance management training is mandatory for all supervisors. Additionally, to emphasize supervisor accountability, all supervisors will have an element of their performance plans that will be utilized to evaluate their performance management effectiveness. In compliance with statewide guidelines, sanctions for failure to plan or evaluate will be imposed.

Training efforts will also provide information to highlight and encourage the use of the variety of other non-salary and monetary incentives (to supplement salary-based performance awards) currently available throughout the year in the state personnel system. Content will include a discussion of **DORAwads** - the department-wide, individual and team performance incentive awards program, and division and cross-division employee incentive award programs which have been specifically designed and established to supplement salary-based performance awards at the Department of Regulatory Agencies. All training will be flexible, offered in a variety of settings and formats, and adapted to fit the business needs of the many unique work settings within DORA.

V. Distribution of Awards

- Annual base and non-base building performance awards will be a percentage of June's base salary and become effective July 1.
- Annual base building awards will be paid in 12 equal monthly payments, starting with July's payroll.

- Non-base building awards will be paid lump sum, in the July payroll.
- All awards are prorated based on the amount of available funding.
- The calculated award is computed based on the evaluation rating (award percent times June's base salary).
- If the sum of the calculated awards for all employees in DORA is more than the amount appropriated by the General Assembly, DORA will calculate a department proration factor. The proration factor times the calculated award is the performance award amount an employee will actually receive.

FIRST YEAR TRANSITION (Awards distributed from July 1, 2002 through June 30, 2003)

DORA's FY 2003-2004 Pay Plan
Based on April 2002 Evaluations

Range of Points	Final Rating	Classification	Award Percent*
3.5 to 4.0	Level 4	Peak	Z
2.5 to 3.49	Level 3	Very Good	½ of Z
1.5 to 2.49	Level 2	Good	¼ of Z
0 to 1.49	Level 1	Needs Improvement	0

*Before proration

All employees other than those at "pay range maximum" are eligible for a base-building award if their rating is between 1.5 and 4.0. Those at "pay range maximum" are eligible for a non-base building award if rated between 3.5 and 4.0.

The statewide plan had a requirement to be cost neutral and determined that an employee's anniversary month is key to the calculation of an award for FY 2002-2003 (July 1, 2002 through June 30, 2003) whether you are receiving a base-building award or a non-base building award.

The anniversary date is used in calculating the award during the transition year to prevent employees from receiving two raises for the same performance period. Example: If you received an anniversary increase in June of 2002 and are eligible for a pay for performance award in July 2002 you would be receiving two raises for the same performance period. Therefore, under this calculation you will only receive a pay for performance award for one month (June 2003).

The amount of funding provided by the General Assembly has an impact on the dollar increase and what the percentage increase actually is after all computations are made. In other words, an award may *begin* the process eligible for a 5% increase, but the salary award increase will be below that (1) because of anniversary date and (2) because the level of funding will be inadequate to meet the amount the calculations demand. These reasons are not decisions made within DORA, but at a statewide level.

The easiest way to show the transition year process is by example.

Employees A and B both earn \$2,000/month. They are eligible for a base-building award. Both are rated very good between 2.5 and 3.49 and are not at the “pay range maximum.” Both computations *begin* with each employee receiving a 5% base-building increase assuming that $\frac{1}{2}$ of Z equals 5%. In this transition year, because of adjusting for anniversary dates, two employees beginning with the same salary and receiving the same percentage award will **not** necessarily receive the same monthly new salary. It is assumed that the proration factor is 50%: Funding from the General Assembly is one-half of what is needed to fully fund the calculated awards.

Employee A—October anniversary

Monthly salary	\$2,000
Base-building performance award percentage	5%
Monthly increase	\$100
Months in fiscal year including and following anniversary month	9
Base-building award of \$100 for 9 months	\$900
Performance award (award x proration factor)	\$450
New annual salary (\$2,000/month base x 12) + \$450	\$24,450
New monthly salary beginning July, 2002 (\$24,450/12 months)	\$2,038

Employee B—January anniversary

Monthly salary	\$2,000
Base-building performance award percentage	5%
Monthly increase	\$100
Months in fiscal year including and following anniversary month	6
Base-building award of \$100 for 6 months	\$600
Performance award (award x proration factor)	\$300
New annual salary (\$2,000/month base x 12) + \$300	\$24,300
New monthly salary beginning July, 2002 (\$24,300/12 months)	\$2,025

Employees C and D both earn \$2,000/month. They are both at “pay range maximum” and are eligible for a non-base building award. Both have been rated as peak, 3.5 and 4.0 and are eligible for a 10% award assuming that Z equals 10%. Although Employees C and D are at “pay range maximum”, their anniversary date is still utilized in the computations.

Employee C—October anniversary

Monthly salary	\$2,000
Non-base building performance award percentage	10%
Monthly bonus amount for computations	\$200
Months in fiscal year including and following anniversary month	9
Non-base building award of \$200 for 9 months	\$1,800
Performance award (award x proration factor)	\$900
Annual salary of \$2,000/month continues	\$2,000
One-time, non-base building award paid in July, 2002	\$900

Employee D—January anniversary

Monthly salary	\$2,000
Non-base building performance award percentage	10%
Monthly bonus amount for computations	\$200
Months in fiscal year including and following anniversary month	6
Non-base building award of \$200 for 6 months	\$1,200
Performance award (award x proration factor)	\$600
Annual salary of \$2,000/month continues	\$2,000
One-time, non-base building award paid in July, 2002	\$600

SECOND YEAR FORWARD (Awards distributed after July 1, 2003)

DORA's FY 2003-2004 Pay Plan
Based on April 2003 Evaluations

Range of Points	Final Rating	Classification	Award Percent*
3.5 to 4.0	Level 4	Peak	Z
2.5 to 3.49	Level 3	Very Good	½ of Z
1.5 to 2.49	Level 2	Good	¼ of Z
0 to 1.49	Level 1	Needs Improvement	0

*Before proration

This example continues Employees A, B, C and D from the example above. Figures are rounded to the nearest dollar.

Employee A (not at “pay range max”, rating level 3)

Monthly salary	\$2,075
Base-building performance award percentage	5%
Monthly base-building award	\$104
Performance award (award x proration factor)	\$52
New annual salary (\$2,075/month base + \$52/month)	\$25,524
New monthly salary beginning July, 2003	\$2,127

Employee B (not at “pay range max”, rating level 3)

Monthly salary	\$2,050
Base-building performance award percentage	5%
Monthly base-building award	\$103
Performance award (award x proration factor)	\$52
New annual salary (\$2,050/month base + \$52/month)	\$25,224
New monthly salary beginning July, 2003	\$2,102

Employee C and D (at “pay range max”, rating level 4)

Monthly salary	\$2,000
Annual salary \$2,000 x 12	\$24,000
Non-base building performance award percentage	10%
One-time, non-base building award	\$2,400
Performance award (award x proration factor)	\$1,200
Monthly salary continues at	\$2,000

VI. Maintaining the Plan

A DORA Executive Committee, comprised of the Management Team of the Executive Director's Office and a representative from each division, will convene at least annually to evaluate, determine and maintain the quality and equitable application of this plan (including the identification of training needs and requirements).

This Plan presents the foundation of DORA's Performance Planning and Management Plan and the state's performance pay system that was developed with input from various stakeholders. As the Plan is implemented, the process remains open to refinement and improvement. Public hearings that will be part of the state's process for adoption of new rules and procedures will undoubtedly encourage new ideas and requirements. Finally, system evaluation will likely drive additional changes in order for the performance pay system to remain relevant and effective. DORA's plan is intended to remain flexible and adaptive to changing statewide requirements.